

Message Text

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ORIGIN EB-08

INFO OCT-01 NEA-10 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
/098 R

DRAFTED BY EB/OT/GCP - S LYNN/NEA/INS - J GRAHAME
APPROVED BY EB/OT/GCP - SAHMAD
EB/OT/STA - M GOLDMAN
EB/ICD/FTD - W BREW
NEA/INS - D KUX EB/ITP/EW:WROOT
STR - B STEINBOCK
COMMERCE - T KIVLAN
AGRICULTURE - J HUDSON
LABOR - HFIEKOWSKY
TREASURY - E FROST

-----091905Z 011175 /53

R 090143Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY NEW DELHI
INFO USMISSION GENEVA
USDEL MTN GENEVA
AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

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E.O. 11652: N/A

TAGS: ETRD, IN

SUBJECT: US TRADE POLICY TOWARDS INDIA

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REFS: (A) NEW DELHI 4043 (B) STATE 67507
(C) STATE 72268

1. REF. A., OUTLINING THE GOIS CONCERNS IN THE AREA OF
US TRADE POLICY, HAS BEEN REVIEWED BY WASHINGTON
AGENCIES CONCERNED. WE APPRECIATE THE NEED TO STRENGTHEN
THE ROLE OF TRADE IN INDIA'S DEVELOPMENT EFFORTS AND

ARE ANXIOUS TO ADDRESS THE CONCERNS OF THE INDIANS AND TO BE AS RESPONSIVE AS POSSIBLE WITHIN THE LIMITATIONS AND CONSTRAINTS FACING US. IN THIS GENERAL CONTEXT, WE WISH TO NOTE INDIA'S CONSTRUCTIVE PARTICIPATION IN THE MTN AND EXPRESS OUR APPRECIATION FOR THE ATTITUDE OF THE GOI IN THESE MATTERS. FOLLOWING ARE RESPONSES TO SPECIFIC PROBLEM AREAS RAISED REF A.

2. IMPORT SENSITIVE ITEMS: (A) KHOLAPURI CHAPPALS - THE APRIL 1 PRESIDENTIAL DECISION ON FOOTWEAR (REF C) SHOULD RELIEVE THE CONCERNS OF THE GOI ON THIS MATTER. (B) HANDLOOMS - US TEXTILE DELEGATION MET BILATERALLY WITH INDIANS (MINISTRY OF COMMERCE JOINT SECRETARY RAMAKHRISHNA; DIRECTOR GENERAL OF COTTON TEXTILE

EXPORT PROMOTION COUNCIL VISWANATH) IN LONDON EVENING OF MARCH 24, MORNING OF MARCH 25 TO DISCUSS INDIAN REQUEST THAT HANDLOOM APPAREL QUOTA BE "DISMANTLED." DURING DISCUSSIONS, US SIDE SUGGESTED THAT IT MIGHT BE POSSIBLE TO REPLACE QUOTA ON HANDLOOM APPAREL WITH A CONSULTATION MECHANISM WHICH WOULD APPROPRIATELY SAFEGUARD THE US MARKET. A NUMBER OF ALTERNATIVE FORMULATIONS WERE DISCUSSED AND ARE UNDER CONSIDERATION. WE HAVE INFORMED J.N. DIXIT OF INDIAN EMBASSY WASHINGTON THAT WE WOULD BE ABLE TO MEET RAMAKHRISHNA AGAIN IN GENEVA DURING NEXT TEXTILES COMMITTEE MEETING (PROBABLY WEEK OF APRIL 18).

3. ADDITIONS TO GSP: (A) REGARDING THE JUST COMPLETED LIMITED OFFICIAL USE

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REVIEWS OF PETITIONS AND REQUESTS FROM FOREIGN GOVERNMENTS FOR GSP PRODUCT ADDITIONS, IF YOU HAVE NOT ALREADY DONE SO, EMBASSY SHOULD POINT OUT TO GOI THAT USG RECEIVED REQUESTS FROM GOVERNMENTS FOR THE ADDITION OF OVER 650 PRODUCTS TO THE GSP. AS IT WAS IMPOSSIBLE TO CONSIDER SUCH A LARGE NUMBER IN THE TIME FRAME OF THAT REVIEW, THIS LIST WAS REDUCED TO FORTY PRODUCTS THAT APPEARED TO HAVE SOME CHANCE FOR ADDITION. THESE PRODUCTS WERE CONSIDERED BY THE TRADE POLICY STAFF COMMITTEE (TPSC) AND A NUMBER WERE ADDED. ALTHOUGH ONLY ONE PRODUCT REQUESTED BY INDIA WAS ADDED, A NUMBER OF OTHERS (BRADS AND NAILS, PRESTRESSING STRAND, SEVERAL CHEMICAL ITEMS) WERE CONSIDERED BY THE TPSC, BUT THEIR ADDITION WAS NOT POSSIBLE. WE APPRECIATE YOUR ADVICE TO THE MINISTRY OF COMMERCE THAT ANY GOI REQUEST FOR GSP SHOULD BE SHORT AND REALISTIC. (B) YOU SHOULD BE AWARE THAT A REVIEW OF THE ENTIRE GSP PROGRAM HAS JUST BEEN INITIATED BY THE INTERAGENCY GSP GROUP (REF B). AMONG THE

QUESTIONS COVERED IN THE REVIEW IS WHETHER OR NOT TO CONSIDER PRODUCT ADDITIONS TO GSP, OTHER THAN THOSE SUBJECT TO PETITIONS AND HOW TO HANDLE REQUESTS FROM GOVERNMENTS AS COMPARED WITH REQUESTS FROM DOMESTIC PETITIONERS, E.G. WHAT FORMALITIES SHOULD BE FOLLOWED AND WHAT SUPPORTING MATERIAL SHOULD BE REQUIRED OF REQUESTING GOVERNMENTS. THE ANNUAL REVIEW WILL PROBABLY NOT BE COMPLETED UNTIL THE END OF MAY. C) THE HOUSE WAYS AND MEANS COMMITTEE IS ALSO INTENDING TO HOLD HEARINGS ON THE GSP PROGRAM. THESE ARE NOT YET SCHEDULED AND COULD AFFECT THE TIMING OF ADMINISTRATION DECISIONS ON THE PROGRAM.(D)WE CONTINUE TO BELIEVE THAT EVEN THOUGH EVERY PRODUCT THAT FOREIGN GOVERNMENTS MIGHT WISH TO SEE ON GSP IS NOT ON THE LIST, OUR PROGRAM IS A GOOD ONE. AS A RESULT, WE BELIEVE THAT

BENEFICIARY COUNTRIES SHOULD CONSIDER DEVELOPING EXPORTS LIMITED OFFICIAL USE

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OF PRODUCTS ALREADY ON LIST WHERE THEY DO NOT CURRENTLY HAVE EXPORTS, AND TO INSURE THAT ELIGIBLE PRODUCTS THAT THEY DO EXPORT ACTUALLY RECEIVE GSP BENEFITS. (OVER 13 MILLION DOLLARS OF ELIGIBLE PRODUCTS FROM INDIA IN 1976 DID NOT RECEIVE GSP BENEFITS.)

4. TROPICAL PRODUCTS - WE APPRECIATE THE POSITIVE ATTITUDE OF THE GOI WITH RESPECT TO CONTRIBUTIONS IN RETURN FOR OUR TROPICAL PRODUCTS OFFER AND WE ARE NOW CONSIDERING THE REQUESTS INDIA MADE OF THE UNITED STATES. WE ARE ALSO WORKING TO IDENTIFY THE SPECIFIC RESIN- AND VEGETABLE PROTEINS ON WHICH WE SEEK CONTRIBUTIONS FROM INDIA AND WILL COMMUNICATE TO RESULTS ASAP. WHILE WE WOULD NOT RULE OUT THE ACCEPTABILITY OF INDIAN MEASURES OTHER THAN THOSE WE SPECIFICALLY REQUESTED AS SUFFICIENT GOI CONTRIBUTION, ANY SUCH MEASURES WILL HAVE TO BE SPECIFIED IN THE CONTEXT OF THE T.P. NEGOTIATIONS AND BECOME PART OF ANY FINAL AGREED PACKAGE ALONG WITH THOSE MEASURES ALREADY IMPLEMENTED BY THE GOI.

5. KUMAR VISIT:

(A) WITH RESPECT TO POSSIBLE VISIT TO WASHINGTON BY KUMAR IN THE NEXT FEW MONTHS, WE WOULD BE HAPPY TO SEE HIM AND ARRANGE FOR APPROPRIATE APPOINTMENTS. WHILE WE WILL NOT HAVE FURTHER INFO ON GSP ADDITIONS BEFORE THE END OF MAY WE COULD DISCUSS OUR POLICY- MAKING PROCESS, AND AN INTERAGENCY MEETING OF TRADE POLICY OFFICIALS COULD BE ARRANGED. WE UNDERSTAND HE IS ALSO INTERESTED IN EAST-WEST TRADE.

(B) AS EMBASSY RECALLS, WE HAVE PREVIOUSLY INVITED
FINANCE SECRETARY MANHOHAN SINGH FOR SIMILAR
DISCUSSIONS. IT MIGHT BE MOST PRACTICAL TO FOLD
KUMAR VISIT INTO THE CONTEXT OF THE UPCOMING ECONOMIC
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AND COMMERCIAL SUBCOMMISSION MEETING WHEN THE GOI
COMES FORWARD WITH PROPOSED DATES. KUMAR'S TRADE
TALKS COULD BE SEPARATE FROM BUT RELATED TO THE
SUBCOMMISSION MEETING, AS OCCURRED WHEN THE
SUBCOMMISSION MET IN NEW DELHI LAST YEAR.
VANCE

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